

THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1147.
FILED, JULY 16th. 1964.

METAL MINES LIMITED
(No Personal Liability)

Full corporate name of Company
Incorporated under the Québec Mining Companies' Act by Letters
Patent dated December 16th, 1955.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous
Filing Statement No. 1008.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	Agreement with Canadian Silica Corporation Limited ("Canadian Silica") whereby subject to shareholder approval and an increase in its authorized capital to 7, 000, 000 shares without nominal or par value, Canadian Silica will: (i) redeem 7, 938 of its preference shares held by the company plus accumulated and unpaid dividends for the sum of \$96, 843. 60; (ii) and discharge a first Mortgage held by the Company on the property of Canadian Silica in the principal amount of \$950, 000 together with interest thereon to July 31, 1964, in the sum of \$33, 250, or, \$983, 250 in all, to be paid and satisfied by the allotment and issue of 1, 542, 990 common shares of the common capital stock of Canadian Silica.		
2. Head office address and any other office address.	Head Office - Suite 914, 1155 Dorchester Boulevard West, Montreal Quebec. Executive Office - Suite 1600, 100 Adelaide Street West, Toronto, Ontario.		
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	President and Director	Ashton William Johnston 55 Edgehill Road Toronto, Ontario	Mining Engineer
	Vice-President and General Manager	H. Brodie Hicks 23 Princeton Road Toronto, Ontario	Mining Engineer
	Secretary-Treasurer and Director	William McKee R. R. # 1, Streetsville, Ontario	Accountant
	Assistant Secretary-Treasurer	William M. O'Shaughnessy 200 Ridley Boulevard Toronto, Ontario	Accountant
	Director	W. C. Campbell 95 Dunvegan Road Toronto, Ontario	Barrister and Solicitor
	Director	Eliot Janeway Suite 5901 350 Fifth Avenue New York, N. Y.	Publisher and Economic Consultant
	Director	L. E. Wetmore 1394 Milton Avenue Port Credit, Ontario	Accountant
	Director	A. B. Whitelaw, Q.C. 11 Yorkleigh Avenue Weston, Ontario.	Barrister and Solicitor

4. Share capitalization showing authorized and issued and outstanding capital.	The Company has an authorized capital of \$8,500,000.00 divided into 8,500,000 shares of the par value of \$1.00 each of which there are issued, outstanding and fully paid 7,215,700 shares.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	None
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	N/A
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company is continuing to produce a nickel-copper concentrates from its mining plant at Gordon Lake, Ontario.
10. Brief statement of company's chief development work during past year.	During the past year the Company brought its property at Gordon Lake into production and produced and sold nickel-copper concentrates therefrom. The Company has recently completed a heavy development programme that has involved the driving of a new main ore-pass and the preparation of a considerable number of new stopes.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	N/A

13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None																																			
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	N/A																																			
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<div>The Canadian Faraday Corporation Limited Suite 1600 100 Adelaide Street West Toronto, Ontario</div> <div>(beneficial owner)6,387,284 shares</div> <div>Augustus Exploration Limited Suite 1600 100 Adelaide Street West Toronto, Ontario</div> <div>(beneficial owner)40,000 shares</div> <div>Michigan Selby & Company 201 Michigan Avenue, Detroit, Michigan, U.S.A.</div> <div>(beneficialowner not known)22,240 shares</div> <div>T. A. Richardson & Co. 4 King Street West Toronto, Ontario</div> <div>(beneficial owner not known)20,867 shares</div> <div>James Richardson & Sons 173 Portage Avenue East Winnipeg, Manitoba</div> <div>(beneficial owner not known)15,796 shares</div>																																			
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	<div>The Canadian Faraday Corporation Limited Suite 1600 100 Adelaide Street West Toronto 1, Ontario</div>																																			
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<div>6% First Mortgage - Canadian Silica Corporation Limited - principal amount \$950,000.00</div> <table><tr><th>Security</th><th>Company</th><th>Cost</th><th>Book Value</th><th>Market</th></tr><tr><td>7,938 pref. shares</td><td>Canadian Silica Corporation Limited</td><td>\$71,442.</td><td></td><td>None</td></tr><tr><td>66,666 pref. shares)</td><td>Smelter Power Corporation</td><td></td><td>\$ 1.00</td><td>None</td></tr><tr><td>66,667 common shares)</td><td></td><td></td><td></td><td></td></tr><tr><td>1,000,000 common shares</td><td>Johnsby Mines Limited</td><td></td><td>\$ 1.00</td><td>None</td></tr><tr><td>68,750 common shares (escrowed)</td><td>Mount Nansen Mines Limited</td><td>626.00</td><td></td><td>None</td></tr><tr><td>25,000 common shares (free)</td><td></td><td></td><td></td><td></td></tr></table>	Security	Company	Cost	Book Value	Market	7,938 pref. shares	Canadian Silica Corporation Limited	\$71,442.		None	66,666 pref. shares)	Smelter Power Corporation		\$ 1.00	None	66,667 common shares)					1,000,000 common shares	Johnsby Mines Limited		\$ 1.00	None	68,750 common shares (escrowed)	Mount Nansen Mines Limited	626.00		None	25,000 common shares (free)				
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7,938 pref. shares	Canadian Silica Corporation Limited	\$71,442.		None																																
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FINANCIAL STATEMENTS

METAL MINES LIMITED

BALANCE SHEET - MAY 31, 1964

ASSETS

CURRENT ASSETS

Cash and Short Term Deposits	545,009.75	
Concentrates at estimated sales value	1,269,791.90	
Accounts Receivable & Accrued Interest	165,224.13	
Income Taxes Recoverable	431,500.00	
Supplies, at average cost	346,527.00	
Prepaid Expenses	<u>31,335.97</u>	2,789,388.75

INVESTMENTS AND ADVANCES

Canadian Silica Corporation Limited		
6% First Mortgage & Preference Shares	1,021,442.00	
Smelter Power Corporation		
Shares at nominal value	1.00	
Advances	159,119.69	
Shares of other companies, at cost	627.00	
Advances to affiliated companies	991,181.46	
Less: Allowance for losses	<u>211,000.00</u>	<u>780,181.46</u>
		1,961,371.15

FIXED ASSETS

Buildings, plant and equipment	2,920,115.22	
Less: Allowance for depreciation	<u>429,343.15</u>	2,490,772.07
Mining claims, rights, properties and leases		35,627.80

OTHER ASSETS

Interest in power line, at cost	191,685.90	
Deferred Development Expenditures	<u>84,011.58</u>	<u>275,697.48</u>
		<u><u>7,552,857.25</u></u>

LIABILITIES

CURRENT LIABILITIES

Bank Loan Secured	351,000.00	
Accounts Payable & Accrued Expenses	280,596.55	
Provision for Ontario Mining Tax	<u>16,000.00</u>	647,596.55

LONG TERM LIABILITIES

Loan from other company	100,000.00	
Accounts payable not due within one year	<u>54,872.36</u>	154,872.36

SHAREHOLDERS' EQUITY

Capital Stock - Authorized 8,500,000 shares \$1.00 par value each		
Issued 7,215,700 "	7,215,700.00	
Deficit	<u>465,311.66</u>	<u>6,750,388.34</u>
		<u><u>7,552,857.25</u></u>

We certify the above to be in accordance with the records of the Company and there has been no material change since that date.

June 30, 1964

Director

Director

METAL MINES LIMITED

STATEMENT OF INCOME

FOR THE FIVE MONTHS ENDED MAY 31, 1964

Sale of Concentrates	3,000,802.95
Sundry Income	27,208.02
	<u>3,028,010.97</u>
Operating Expenses	2,299,313.92
Provision for Mining Tax	16,000.00
	<u>2,315,313.92</u>
	712,697.05
Interest Earned	35,161.89
	<u>747,858.94</u>
Interest Expense	9,907.43
Outside Exploration	43,420.23
	<u>694,531.28</u>
Income before undernoted items	
Depreciation	138,500.00
Amortization of Deferred Development	8,900.00
	<u>147,400.00</u>
Net Income for Period	<u>547,131.28</u>

STATEMENT OF DEFICIT

MAY 31, 1964

Deficit January 1, 1964	1,012,442.94
<u>Deduct</u> - Net income for period January 1 to May 31	<u>547,131.28</u>
	<u>465,311.66</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD JANUARY 1, 1964 TO MAY 31, 1964

SOURCE OF FUNDS

Net income for period	547,131
<u>Add back:</u> Depreciation	138,500
Amortization of Deferred Development	8,900
Refund of interest in power line	19,926
	<u>714,457</u>

APPLICATION OF FUNDS

Additions to plant and equipment	48,859
Deferred Development Expenditures	53,289
Portion of Long Term Liabilities retired	8,170
Increase in Advances to Affiliated Companies	125,021
Increase in Working Capital as follows:	
Working Capital May 31, 1964	2,141,792
" " Jan. 1, 1964	<u>1,662,674</u>
	479,118
	<u>714,457</u>

We certify the above to be in accordance with the records of the Company and there has been no material change since that date.

W. W. W. W. Director W. B. B. B. Director

June 30, 1964

18. Brief statement of any lawsuits pending or in process against company or its properties.	None
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	<p>Pursuant to Memorandum of Agreement made as of the 10th day of January, 1964, between Herman H. Huestis (22½%), John A. McLallen (22½%), William H. McLallen (22½%), Patrick M. Reynolds (22½%) and Frank Cooke (10%), all of the City of Vancouver (Suite 1818 Marine Building, 355 Burrard Street, Vancouver 1, B.C.) of the First Part, and the Company (33 1/3%) and Tache Lake Mines Limited, Suite 302, 215 St. James Street West, Montreal, P.Q. (33 1/3%) and Frobex Limited, Suite 911, 85 Richmond Street West, Toronto 1, Ontario (33 1/3%) of the Second Part (the parenthetically indicated percentages indicating the percentage interest of each party in the property and Agreement respectively) the Parties of the First Part have granted to the Parties of the Second Part an option to enter upon, explore and purchase an interest in two British Columbia Crown Leases (Nos. 16-P and 19-A) and 54 mineral claims (Bona Nos. 1 to 26 inclusive and Pat Nos. 4 to 31 inclusive) in the Lilloet Land District, situated about nine miles northwest of Cache Creek on the Bonaparte River, Province of British Columbia.</p> <p>The option may be exercised at any time up to midnight (Toronto time) of the 1st day of November, 1966 and the properties purchased by a company to be incorporated (new company) by the Parties of the Second Part, with an authorized capital of 3,000,000 shares either with or without par value.</p> <p>In order to maintain the Option Agreement in good standing, the Parties of the Second Part are required to protect the optioned property and to expend thereon for exploration and development work the sum of \$20,000.00 by November 1st, 1965 and a further sum of \$35,000.00 by November 1st, 1966.</p> <p>Frobex Limited is to be the manager of the exploration of the optioned property.</p>
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	<p>Since the date of the last Filing Statement No. 1008 filed December 12th, 1963, the re-organization of the capital stock of the Company on the basis of one new share for five old, and the changing of its name to Metal Mines Limited (No Personal Liability) was ratified by the shareholders on the 27th day of December, 1963 and Supplementary Letters Patent dated December 31st, 1963 have issued accordingly. Also, the proposed purchase of the assets of Faraday Uranium Mines Limited, except shares in certain companies held by it, subject to its liabilities, was ratified by the shareholders, and, the transaction consummated.</p> <p>A dividend of 8¢ per share on the common stock was declared to be paid on March 13th, 1964, to all shareholders of record on February 28th, 1964.</p> <p>None of the Company's shares are in the course of primary distribution.</p> <p>The Company is negotiating the acquisition of interest in certain potash permits in the Province of Manitoba, through the financing of the company holding same, details of which are not complete and which, upon consummation, will be covered by amending filing statement.</p>

CERTIFICATE OF THE COMPANY

DATED July 14th, 1964.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"W. McKee"

METAL MINES LIMITED,
per: W. McKee

CORPORATE
SEAL

"H.B. Hicks"

H.B. Hicks

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS AMENDING FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS AMENDING FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

TORONTO STOCK EXCHANGE

AMENDING FILING STATEMENT NO. 232,
FILED, SEPTEMBER 17th, 1964.

METAL MINES LIMITED
(No Personal Liability)

Full corporate name of Company

AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

To be read in conjunction with Filing Statement No. 1147 dated July 14, 1964.

Brief statement of the material change in the affairs of the company in respect of which this amending filing statement is filed.	(a) the terms of an Agreement dated as of the 1st day of July, 1964, between the Company and Prairie Potash Mines Limited, and the terms of an Agreement of even date between the Company and Eric Cradock (see Item 11); (b) proposed sale by the Company of 1,542,990 shares of Canadian Silica Corporation Limited ("Canadian Silica") to Industrial Minerals of Canada Limited (see Item 20).
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	(i) By Agreement dated July 1st, 1964, between the Company of the First Part and Prairie Potash Mines Limited, Suite 1600, 100 Adelaide Street West, Toronto, of the Second Part, the Company has agreed to purchase 500,000 shares in the capital stock of Prairie Potash Mines Limited for the sum of \$100,000.00 payable from time to time as funds are required and requisitioned by the Board of Directors of Prairie Potash Mines Limited for its corporate purposes and for completion of its projected exploration programme in Manitoba to determine the presence of commercial deposits of potash on its holdings. In consideration of the purchase, the Company shall have the right of first refusal on all further financing of the undertaking of Prairie Potash Mines Limited. (ii) By Agreement also dated as of July 1st, 1964 between the Company and Eric Cradock, 6 Highbourne Road, Toronto, Ontario, Cradock who owns or controls all of the issues and outstanding shares of Prairie Potash Mines Limited has, in consideration of the Agreement between the Company and Prairie Potash Mines Limited aforesaid, agreed to (a) assign to Metal Mines Limited 500,000 fully paid and non-assessable shares of the capital stock of Prairie Potash Mines Limited by way of bonus; (b) cause Prairie Potash Mines Limited to grant to the Company a first refusal on all further financing of the undertaking of Prairie Potash Mines Limited, and if requested (c) make available 300,000 shares of Prairie Potash Mines Limited for purposes of bonus if same be required to facilitate the senior financing of the undertaking of Prairie Potash Mines Limited into commercial production. The parties have agreed to vote their shares of Prairie Potash Mines Limited from time to time for the election of four directors who shall be nominees of the Company and one of whom shall be a nominee of Cradock. Upon completion of the aforementioned purchase by the Company of 500,000 shares of the capital stock of Prairie Potash Mines Limited and the assignment by Eric Cradock to the Company of a further 500,000 shares of the capital stock of Prairie Potash Mines Limited, the Company will beneficially hold 1,000,004 shares of said Prairie Potash Mines Limited and Mr. Eric Cradock will hold or control 1,000,001 shares of which 300,000 shares will be available for future financing.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	The only person having a greater than 5% interest in Prairie Potash Mines Limited is Eric Cradock, 6 Highbourne Road, Toronto, Ontario.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	The Company received delivery of 1,542,990 shares of Canadian Silica as contemplated in Filing Statement No. 1147. On September 3, 1964, the Company received an offer from Industrial Minerals of Canada Limited to purchase from the Company the said shares at 70¢ per share. Said offer was inter alia subject to the acceptance by Mentor Exploration and Development Co. Limited and the Canadian Faraday Corporation Limited of similar offers in respect to their holdings of Canadian Silica and to the settlement of certain litigation recently initiated with respect to the issue of the shares of Canadian Silica. Mentor Exploration and Development Co. Limited and The Canadian Faraday Corporation Limited have accepted the offer and on closing the pending litigation will be settled. A finder's fee of 5% of the gross amount receivable by the Company is payable to Jack Koza, 365 Bay Street, Toronto. None of the Company's shares are in the course of primary distribution. There are no other material facts.

DATED September 15th, 1964

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the company seal to be affixed.)

METAL MINES LIMITED,
(No Personal Liability)
per: "H.B. Hicks"
"L.E. Wetmore"

CORPORATE
SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

FINANCIAL STATEMENTS

METAL MINES LIMITED

BALANCE SHEET - JUNE 30, 1964

ASSETS

CURRENT ASSETS

Cash and Short Term Deposits	157,799.76	
Concentrates, at estimated sales value	1,654,915.06	
Accounts Receivable and Accrued Interest	184,171.46	
Income Taxes Recoverable	431,500.00	
Supplies, at average cost	330,071.37	
Prepaid Expenses	15,005.58	2,773,463.23

INVESTMENTS AND ADVANCES

Canadian Silica Corp. Ltd.		
6% First Mortgage & Preference Shares	1,021,442.00	
Smelter Power Corporation		
Shares at nominal value	1.00	
Advances	159,119.69	
Shares of Other Companies, at cost	627.00	
Advances to affiliated companies	1,043,181.46	
Less: Allowance for losses	211,000.00	832,181.46
		2,013,371.15

FIXED ASSETS

Buildings, plant and equipment	2,926,158.84	
Less: Allowance for depreciation	457,003.32	2,469,155.52
Mining claims, rights, properties and leases		37,427.80

OTHER ASSETS

Interest in power line, at cost	191,685.90	
Deferred Development Expenditures	78,143.97	269,829.87
		7,563,247.57

LIABILITIES

CURRENT LIABILITIES

Bank Loan Secured	401,000.00	
Accounts Payable & Accrued Expenses	236,946.37	
Provision for Ontario Mining Tax	25,000.00	662,946.37

LONG TERM LIABILITIES

Accounts Payable due within one year		53,127.21
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SHAREHOLDERS' EQUITY

Capital Stock: Authorized 8,500,000 shs. par value \$1.00 each		
Issued 7,215,700 shs.	7,215,700.00	
Deficit	368,526.01	6,847,173.99
		7,563,247.57

We certify the above to be in accordance with the records of the Company and there has been no material change since that date.

A. W. Johnston Director *W. W. H. H. H.* Director

METAL MINES LIMITED

STATEMENT OF INCOME FOR JUNE, 1964

Sale of Concentrates	544,806.65	
Sundry Income	4,674.60	549,481.25
Operating Expenses	407,823.10	
Provision for Mining Tax	9,000.00	416,823.10
		132,658.15
Interest Earned		7,434.92
		140,093.07
Interest Expense	2,253.29	
Outside Exploration	7,265.88	9,519.17
Income before undernoted items		130,573.90
Depreciation	27,660.17	
Amortization of Deferred Development	6,128.08	33,788.25
Net Income		96,785.65

STATEMENT OF DEFICIT

JUNE 30, 1964

Deficit June 1, 1964	465,311.66
Deduct - Net Income for June	96,785.65
	368,526.01

METAL MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD JUNE 1, 1964 TO JUNE 30, 1964

SOURCE OF FUNDS

Net Income for Period	96,786
Add back: Depreciation	27,660
Amortization of Deferred Development	6,128
Decrease in Working Capital as follows:	
Working Capital May 31, 1964	2,141,793
" " June 30, 1964	<u>2,110,517</u>
	<u>31,276</u>
	<u>161,850</u>

APPLICATION OF FUNDS

Additions to plant and equipment	6,044
Deferred Development Expenditures	261
Repayment of Loan from other Company	100,000
Portion of Long term Liabilities retired	1,745
Increase in advances to affiliated companies	52,000
Additions to Mining Properties	<u>1,800</u>
	<u>161,850</u>

We certify the above to be in accordance with the records of the Company and there has been no material change since that date.

A. W. Johnston Director W. C. McPherson Director

PRAIRIE POTASH MINES LIMITED
(Formerly Baycourse Mines Limited)
(Note 1)
Incorporated under the laws of Ontario

BALANCE SHEET

August 31, 1964

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- ASSETS -

Cash	958.62
Subscription receivable (note 2)	5,200.00
Preproduction expenditures	<u>95,286.80</u>
	<u>\$101,445.42</u>

- LIABILITIES -

Accounts payable	956.80
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- SHAREHOLDERS' EQUITY -

Capital stock:

Authorized, 5,000,000 shares, par value
\$1.00 each
Issued or to be issued (note 2):

	No. of Shares and Par Value	Discount	Net
For cash	600,005	540,000.00	60,005.00
For mining claims since abandoned . .	900,000	810,000.00	90,000.00
To be issued for cash	<u>500,000</u>	<u>400,000.00</u>	<u>100,000.00</u>
	<u>2,000,005</u>	<u>1,750,000.00</u>	<u>250,005.00</u>
Deficit		<u>149,516.38</u>	<u>100,488.62</u>
			<u>\$101,445.42</u>

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board.

A. W. Johnston Director W. C. McPherson Director

This is the balance sheet referred to in our report to the shareholders dated September 16, 1964.

Thorne, Mulholland, Howson & McPherson
Chartered Accountants

PRAIRIE POTASH MINES LIMITED

NOTES TO FINANCIAL STATEMENT

Period from September 1, 1959 to August 31, 1964

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1. By Supplementary Letters Patent dated May 14, 1964 Baycourse Mines Limited changed its name to Prairie Potash Mines Limited.

2. By agreement dated July 1, 1964, Metal Mines Limited has agreed to purchase 500,000 shares of the capital stock of the company for the sum of \$100,000.00, payment to be made from time to time as funds are required by the company for the completion of its preliminary exploration programme in the Province of Manitoba, and for its corporate purposes.

As at August 31, 1964 Metal Mines Limited has expended \$94,800.00 on behalf of the company, which amount has been applied against the \$100,000.00 subscription referred to above.

3. Lands reserved under a potash permit comprise approximately 16,636 acres of crown land in the Province of Manitoba. The term of the agreement is 3 years from June 25, 1964. The company is committed to the following expenditures for the term of the permit:

Rentals	2,495.40	
Less Rentals paid	<u>831.85</u>	1,663.55
Exploration and development . .		<u>120,000.00</u>
		<u>\$121,663.55</u>

In the event of a deficiency in exploration expenditures in any one year (\$40,000.00 minimum) the company shall be required to deposit cash or bonds with the Treasurer of Manitoba equivalent to the amount of the deficiency.

Upon compliance with the conditions of the permit, the company has the option to lease all or any part of the permit area for a period of 21 years at an annual rental of \$1.00 per acre. However, the lease shall be cancelled if the company has not expended \$3,000,000.00 within 5 years on development of the rights granted under the lease, or if the plant for processing the ore taken under the lease is not constructed in Manitoba.

4. The company has acquired the exclusive right to prospect for potash under prospecting permits comprising approximately 7,200 acres in the Province of Manitoba for a term of 2 years from May 1, 1964 at a yearly rental of 50¢ per acre. At any time during the currency of the permits, the company may lease all or any part of the said lands for a term of 5 years, renewable at a yearly rental of \$1.00 per acre. The first year's rental of \$3,600.00 has been paid.

5. The company has been granted the option to purchase, for the sum of \$5.00 per acre, all of the mines and minerals including potash in an area of 160 acres in Township 17, Province of Manitoba, for a period of 2 years for a consideration of 50¢ per acre per year. The first year's consideration of \$80.00 has been paid.

PRAIRIE POTASH MINES LIMITED

STATEMENT OF DEFICIT

Period from September 1, 1959 to August 31, 1964

-0-

Deficit at beginning of period.	107,581.78
<u>Add:</u>	
Mining claims abandoned	5,000.00
Preproduction expenditures written off.	23,110.98
Loss on sale of investment.	<u>16,153.39</u>
	44,264.37
	151,846.15
<u>Deduct</u> Account payable forgiven by parent company .	<u>2,329.77</u>
<u>Deficit at end of period.</u>	<u>\$149,516.38</u>

PRAIRIE POTASH MINES LIMITED

STATEMENT OF PREPRODUCTION EXPENDITURES

Period from September 1, 1959 to August 31, 1964

-0-

	Balance at beginning of period	Period from September 1, 1959 to March 31, 1964	Period from April 1 to August 31, 1964	Total
<u>Development:</u>				
Drilling			84,085.00	84,085.00
Engineering fees, salaries and expenses.	13,849.52	(222.35)	600.00	14,227.17
Rental payments under prospecting and potash permits.			4,511.85	4,511.85
Travel and transportation			3,849.96	3,849.96
Surface exploration.	2,624.91			2,624.91
Development licenses	1,344.00	420.00		1,764.00
Surface leases			298.00	298.00
Maps and reports	36.27	.84	58.10	95.21
	<u>17,854.70</u>	<u>198.49</u>	<u>93,402.91</u>	<u>111,456.10</u>
<u>Administration:</u>				
Legal and audit.	1,325.00	425.00	947.30	2,697.30
Transfer agent's fees and expenses	500.08	1,250.00	250.00	2,000.08
Directors' fees.	450.00	125.00		575.00
Government fees, licenses and taxes	276.47	233.84	30.00	540.31
Telephone and telegraph.			474.63	474.63
Office rent and expenses	353.80	8.60	6.80	369.20
Printing and stationery.	110.00			110.00
Insurance.			100.00	100.00
Miscellaneous.			75.16	75.16
	<u>3,015.35</u>	<u>2,042.44</u>	<u>1,883.89</u>	<u>6,941.68</u>
	20,870.05	2,240.93	95,286.80	118,397.78
<u>Deduct</u> Expenditures transferred to deficit	<u>20,870.05</u>	<u>2,240.93</u>		<u>23,110.98</u>
<u>Balance at end of period</u>	<u>-</u>	<u>-</u>	<u>\$95,286.80</u>	<u>\$95,286.80</u>

ENGINEER'S REPORT

Note - The following are excerpts from a report by J. M. Cormie, P.Eng., dated August 23rd, 1964, on mining claims located in the Province of Manitoba. A complete copy of this report is on file with the Toronto Stock Exchange.

CONCLUSION AND RECOMMENDATION

If the tonnages indicated in this report can be proven, it is clear that there would be enough ore to repay the initial cost and produce a substantial profit for a long time thereafter. This can only be done by drilling, and a very encouraging start has been made already, well worth any funds that may be advanced for that purpose.

If major financing is not immediately available there is no reason that the project cannot wait, because as demand increases the value of such ground will increase rather than decrease, and in the meantime it constitutes a very valuable asset.

The recommendation is that arrangements be made as soon as possible for funds to support a larger drilling program as a preliminary to shaft-sinking and the construction of a plant.

Dated, August 23, 1964.

J. M. Cormie
J. M. CORMIE P. Eng (Ont)

CERTIFICATE

I, J. M. CORMIE, of the City of Toronto, in the County of York, Province of Ontario, hereby certify:

1. THAT I am a geologist residing at 166 Wanless Avenue, Toronto 12, Ontario.
2. THAT I am a graduate of Queen's University, Kingston, Ontario, with the degree of Master of Science. 1935.
3. THAT I am a registered Professional Engineer of the Province of Ontario, in the Mining Division,
4. THAT I have practised my profession as a Geologist for 29 years,
5. THAT I have no interest in Prairie Potash Mines Ltd. either directly or indirectly,
6. THAT the above report is based on personal knowledge of the area concerned, and information taken from other sources.

Dated at Toronto, in the County of York, this twenty-third day of August, 1964.

J. M. Cormie
J. M. Cormie P. Eng. (Ont.)
M. Sc.
J. M. CORMIE

